

Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-BATS-2014-023. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-BATS-2014-023 and should be submitted on or before July 9, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>15</sup>

**Kevin M. O'Neill,**  
*Deputy Secretary.*

[FR Doc. 2014-14196 Filed 6-17-14; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72379; File No. SR-ISE-2014-30]

### Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Schedule of Fees

June 12, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the

“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 2, 2014, the International Securities Exchange, LLC (the “Exchange” or the “ISE”) filed with the Securities and Exchange Commission the proposed rule change, as described in Items I, II, and III below, which items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### I. Self-Regulatory Organization's Statement of the Terms of the Substance of the Proposed Rule Change

The ISE proposes to amend the Schedule of Fees to increase (1) the route-out fee applicable to Priority Customer orders, and (2) the Priority Customer taker fee in Select Symbols for members that do not meet a new total affiliated Priority Customer ADV threshold. The text of the proposed rule change is available on the Exchange's Web site (<http://www.ise.com>), at the principal office of the Exchange, and at the Commission's Public Reference Room.

#### II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in sections A, B and C below, of the most significant aspects of such statements.

##### A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

###### 1. Purpose

The purpose of the proposed rule change is to amend the Schedule of Fees to increase (1) the route-out fee applicable to Priority Customer<sup>3</sup> orders, and (2) the Priority Customer taker fee

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> A “Priority Customer” is a person or entity that is not a broker/dealer in securities, and does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s), as defined in ISE Rule 100(a)(37A).

in Select Symbols<sup>4</sup> for members that do not meet a new total affiliated Priority Customer average daily volume (“ADV”) threshold, each as described in more detail below. The fee changes discussed apply to both Standard Options and Mini Options traded on the Exchange. The Exchange's Schedule of Fees has separate tables for fees applicable to Standard Options and Mini Options. The Exchange notes that while the discussion below relates to fees for Standard Options, the fees for Mini Options, which are not discussed below, are and shall continue to be 1/10th of the fees for Standard Options.

###### 1. Priority Customer Route-Out Fee

The Exchange charges a fee of \$0.40 per contract and \$0.55 per contract for executions of Priority Customer and Professional Customer<sup>5</sup> orders, respectively, for orders that are routed to one or more exchanges in connection with the Options Order Protection and Locked/Crossed Market Plan. This fee is charged in lieu of the regular taker fee. The Exchange now proposes to increase the Priority Customer route-out fee for orders subject to linkage handling to \$0.45 per contract. The route-out fee for Professional Customer orders will remain at its current rate. The route-out fee offsets costs incurred by the Exchange in connection with using unaffiliated broker-dealers to access other exchanges for linkage executions. The proposed fee better reflects the costs to the Exchange associated with routing orders to away markets.

###### 2. Priority Customer Taker Fee in Select Symbols

The Exchange currently assesses per contract transaction fees and provides rebates to market participants that add liquidity to or remove liquidity from the Exchange (“maker/taker fees and rebates”) in Select Symbols. The taker fee for removing liquidity in Select Symbols is \$0.42 per contract for Market Maker<sup>6</sup> and Market Maker Plus<sup>7</sup> orders,

<sup>4</sup> “Select Symbols” are options overlying all symbols listed on the ISE that are in the Penny Pilot Program.

<sup>5</sup> A “Professional Customer” is a person or entity that is not a broker/dealer and is not a Priority Customer.

<sup>6</sup> The term “Market Makers” refers to “Competitive Market Makers” and “Primary Market Makers” collectively. See ISE Rule 100(a)(25).

<sup>7</sup> A Market Maker Plus is a Market Maker who is on the National Best Bid or National Best Offer at least 80% of the time for series trading between \$0.03 and \$3.00 (for options whose underlying stock's previous trading day's last sale price was less than or equal to \$100) and between \$0.10 and \$3.00 (for options whose underlying stock's previous trading day's last sale price was greater than \$100) in premium in each of the front two expiration months. A Market Maker's single best

<sup>15</sup> 17 CFR 200.30-3(a)(12).

\$0.45 per contract for Non-ISE Market Maker,<sup>8</sup> Firm Proprietary<sup>9</sup>/Broker-Dealer,<sup>10</sup> and Professional Customer orders, and \$0.25 per contract for Priority Customer orders. The Exchange now proposes to increase the Priority Customer taker fee to \$0.30 per contract for members that do not meet a new Priority Customer ADV threshold. In particular, members that do not execute a total affiliated Priority Customer ADV of at least 200,000 contracts in a given month will pay a Priority Customer taker fee of \$0.30 per contract. Members that execute a total affiliated Priority Customer ADV of 200,000 or more contracts will continue to pay the current taker fee of \$0.25 per contract. The Exchange is not proposing to modify the taker fees for any other market participants, which will remain at their current respective rates.

In connection with the above change, the Exchange further proposes to include the definition of total affiliated Priority Customer ADV in a separate footnote.<sup>11</sup> Currently, this definition is contained in footnote 11, which provides a higher Market Maker Plus maker rebate for Market Makers that achieve Market Maker Plus with a total affiliated Priority Customer ADV that equals or exceeds 200,000 contracts in a given month. As this definition is also applicable to the new discounted Priority Customer taker fee, the Exchange believes that it is appropriate to include it in a separate footnote. The Exchange is not proposing any substantive change to the definition of total affiliated Priority Customer ADV, which will continue to be calculated in the way that it is today for the Market Maker Plus tier calculation.<sup>12</sup>

and single worst quoting days each month based on the front two expiration months, on a per symbol basis, will be excluded in calculating whether a Market Maker qualifies for this rebate, if doing so will qualify a Market Maker for the rebate.

<sup>8</sup> A "Non-ISE Market Maker" is a market maker as defined in Section 3(a)(38) of the Securities Exchange Act of 1934, as amended, registered in the same options class on another options exchange.

<sup>9</sup> A "Firm Proprietary" order is an order submitted by a member for its own proprietary account.

<sup>10</sup> A "Broker-Dealer" order is an order submitted by a member for a broker-dealer account that is not its own proprietary account.

<sup>11</sup> The Exchange also notes that certain reserved footnotes from a previous filing are still referenced in the body of Schedule of Fees. See Securities Exchange Act Release No. 71554 (February 14, 2014), 79 FR 9783 (February 20, 2014) (SR-ISE-2014-08). The Exchange proposes to remove these old references, which point to reserved footnotes that are now being replaced with new text in this filing.

<sup>12</sup> As currently calculated, Priority Customer ADV includes all volume in all symbols and order types. All eligible volume from affiliated Members will be aggregated in determining total affiliated Priority Customer ADV, provided there is at least 75%

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>13</sup> in general, and Section 6(b)(4) of the Act,<sup>14</sup> in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities.

### 1. Priority Customer Route-Out Fee

The Exchange believes the proposed Priority Customer route-out fee is reasonable and equitable as it provides the Exchange the ability to recover costs associated with using unaffiliated broker-dealers to route Priority Customer orders to other exchanges for linkage executions. The Exchange notes that a number of other exchanges currently charge a variety of routing related fees associated with orders that are subject to linkage handling. The Exchange also believes that the proposed fees are not unfairly discriminatory because these fees would be uniformly applied to all Priority Customer orders. In addition, the fees charged for Priority Customer linkage executions will continue to be lower than the fees charged to Professional Customer orders.

### 2. Priority Customer Taker Fee in Select Symbols

The Exchange is proposing to adopt a volume-based taker fee structure for Priority Customer orders in Select Symbols. Under the proposed structure, members that execute a Priority Customer ADV of 200,000 contracts or more in a calendar month will be eligible for a discounted taker fee. The Exchange currently provides a similar incentive as part of its Market Maker Plus program for members whose affiliates execute a total affiliated Priority Customer ADV of at least 200,000 contracts in a given month. The Exchange believes that charging lower fees to Priority Customer orders from members that execute more Priority Customer volume on the ISE is reasonable and equitable as this will attract additional Priority Customer order flow to the Exchange, which will

common ownership between the Members as reflected on each Member's Form BD, Schedule A. For purposes of determining total affiliated Priority Customer ADV, any day that the market is not open for the entire trading day may be excluded from such calculation. Volume in Standard Options and Mini Options will be combined to calculate Priority Customer ADV but Members will be charged or rebated for all Standard Options traded at the Standard Option rate and for all Mini Options traded at the Mini Option rate.

<sup>13</sup> 15 U.S.C. 78f.

<sup>14</sup> 15 U.S.C. 78f(b)(4).

ultimately benefit all market participants that trade on the ISE. The Exchange also believes that the new tiered taker fee is not unfairly discriminatory because all members can achieve the lower fee for their Priority Customer orders by executing the required Priority Customer volume on the ISE. Furthermore, while the Exchange is increasing the taker fee in Select Symbols for Priority Customer orders executed by members that do not meet the new volume threshold, these members will continue to pay taker fees for their Priority Customer orders that are lower than the fees charged to other market participants on the ISE, and that are within the range of fees assessed by other options exchanges.

Finally, as noted above, the Exchange is proposing to move the definition of total affiliated Priority Customer ADV to a separate footnote. The Exchange believes that this non-substantive change is appropriate to eliminate investor confusion since this definition will now apply to Priority Customer taker fees as discussed here.

The Exchange notes that it has determined to charge fees in Mini Options at a rate that is 1/10th the rate of fees and rebates the Exchange provides for trading in Standard Options. The Exchange believes it is reasonable and equitable and not unfairly discriminatory to assess lower fees to provide market participants an incentive to trade Mini Options on the Exchange. The Exchange believes the proposed fees are reasonable and equitable in light of the fact that Mini Options have a smaller exercise and assignment value, specifically 1/10th that of a standard option contract, and, as such, is providing fees for Mini Options that are 1/10th of those applicable to Standard Options.

### B. Self-Regulatory Organization's Statement on Burden on Competition

In accordance with Section 6(b)(8) of the Act,<sup>15</sup> the Exchange does not believe that the proposed rule change will impose any burden on intermarket or intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange operates in a highly competitive market in which market participants can readily direct their order flow to competing venues. In such an environment, the Exchange must continually review, and consider adjusting, its fees to remain competitive with other exchanges. For the reasons described above, the Exchange believes

<sup>15</sup> 15 U.S.C. 78f(b)(8).

that the proposed fee changes reflect this competitive environment.

*C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

**III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>16</sup> and subparagraph (f)(2) of Rule 19b-4 thereunder,<sup>17</sup> because it establishes a due, fee, or other charge imposed by ISE.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

*Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-ISE-2014-30 on the subject line.

*Paper Comments*

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090. All submissions should refer to File Number SR-ISE-2014-30. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use

only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-ISE-2014-30, and should be submitted on or before July 9, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>18</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2014-14200 Filed 6-17-14; 8:45 am]

**BILLING CODE 8011-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-72378; File No. SR-NASDAQ-2014-062]

**Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to NASDAQ Options Market Fees and Rebates**

June 12, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 2, 2014, The NASDAQ Stock Market LLC ("NASDAQ" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items

have been prepared by NASDAQ. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

**I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change**

NASDAQ proposes to modify Chapter XV, entitled "Options Pricing," at Section 2 governing pricing for NASDAQ members using the NASDAQ Options Market ("NOM"), NASDAQ's facility for executing and routing standardized equity and index options. Specifically, NOM proposes amending the NOM Market Maker<sup>3</sup> Rebates to Add Liquidity in Penny Pilot<sup>4</sup> Options.

While the Exchange has designated the proposal as effective upon filing, the Exchange has designated that the change is operative on June 2, 2014.

The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaq.cchwallstreet.com>, at the principal office of the Exchange, and

<sup>3</sup> The term "NOM Market Maker" means a Participant that has registered as a Market Maker on NOM pursuant to Chapter VII, Section 2, and must also remain in good standing pursuant to Chapter VII, Section 4. In order to receive NOM Market Maker pricing in all securities, the Participant must be registered as a NOM Market Maker in at least one security. See Chapter XV. "Participant" means a firm, or organization that is registered with the Exchange pursuant to Chapter II of these Rules for purposes of participating in options trading on NOM as a "Nasdaq Options Order Entry Firm" or "Nasdaq Options Market Maker". See Chapter I, Section (a)(40).

<sup>4</sup> The Penny Pilot was established in March 2008 and was extended through December 31, 2014. See Securities Exchange Act Release Nos. 57579 (March 28, 2008), 73 FR 18587 (April 4, 2008) (SR-NASDAQ-2008-026) (notice of filing and immediate effectiveness establishing Penny Pilot); 60874 (October 23, 2009), 74 FR 56682 (November 2, 2009) (SR-NASDAQ-2009-091) (notice of filing and immediate effectiveness expanding and extending Penny Pilot); 60965 (November 9, 2009), 74 FR 59292 (November 17, 2009) (SR-NASDAQ-2009-097) (notice of filing and immediate effectiveness adding seventy-five classes to Penny Pilot); 61455 (February 1, 2010), 75 FR 6239 (February 8, 2010) (SR-NASDAQ-2010-013) (notice of filing and immediate effectiveness adding seventy-five classes to Penny Pilot); 62029 (May 4, 2010), 75 FR 25895 (May 10, 2010) (SR-NASDAQ-2010-053) (notice of filing and immediate effectiveness adding seventy-five classes to Penny Pilot); 65969 (December 15, 2011), 76 FR 79268 (December 21, 2011) (SR-NASDAQ-2011-169) (notice of filing and immediate effectiveness extension and replacement of Penny Pilot); 67325 (June 29, 2012), 77 FR 40127 (July 6, 2012) (SR-NASDAQ-2012-075) (notice of filing and immediate effectiveness and extension and replacement of Penny Pilot through December 31, 2012); 68519 (December 21, 2012), 78 FR 136 (January 2, 2013) (SR-NASDAQ-2012-143) (notice of filing and immediate effectiveness and extension and replacement of Penny Pilot through June 30, 2013); 69787 (June 18, 2013), 78 FR 37858 (June 24, 2013) (SR-NASDAQ-2013-082); and 72244 (May 23, 2014), 79 FR 31151 (May 30, 2014) (SR-NASDAQ-2014-056) (notice of filing and immediate effectiveness). See also NOM Rules, Chapter VI, Section 5.

<sup>16</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>17</sup> 17 CFR 240.19b-4(f)(2).

<sup>18</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.